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PAGE 01 KINGST 02202 01 OF 02 252141Z
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AMEMBASSY PORT OF SPAIN FOR AMBASSADOR LAWRENCE
E.O. 12065: GDS, 3/25/86 (HAVERKAMP, ROY T) OR-M
TAGS: PINT, IMP, JM
SUBJECT: CABINET ACCEPTS PARTY EXECUTIVE COUNCIL DECISION ON IMF, MARXIST ASSUMES FINANCE POST; PUBLIC REACTION MIXED.

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY RB DATE 25 JUN 1982
PORTIONS DENIED AS INDICATED

1. C-ENTIRE TEXT.
2. SUMMARY: THE JAMAICAN CABINET ACCEPTED MARCH 24 THE PEOPLE'S NATIONAL PARTY'S (PNP) NATIONAL EXECUTIVE COMMITTEE'S (NEC) RECOMMENDATION TO DISCONTINUE EFFORTS TO ARRANGE A STANDBY AGREEMENT WITH THE IMF. PNP GENERAL SECRETARY DUNCAN HELD A PRESS CONFERENCE TO EXPLAIN THE NEC'S REASONS FOR THE NEC DECISION. MINISTER OF EDUCATION YOUTH AND SPORT HUGH SMALL HAS BEEN APPOINTED TO REPLACE ERIC BELL AS MINISTER OF FINANCE AND PHYLLIS MCPHERSON-RUSSELL, PARLIAMENTARY SECRETARY IN THE MINISTRY OF EDUCATION, WILL TAKE SMALL'S PLACE AS MINISTER. SHE WAS MINISTER UNTIL THE LAST CABINET SHAKE UP EARLY IN JANUARY. PUBLIC REACTION TO THE DECISION HAS BEEN MIXED.

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PAGE 02 KINGST 02202 01 OF 02 252141Z

THE REJECTION AND SMALL'S APPOINTMENT INDICATE THE FAR LEFTISTS ARE IN ASCENDENCY IN DETERMINING GOVERNMENT AS WELL AS PARTY POLICY. THIS IS NOT TO SAY THEY ARE FREE TO DO COMPLETELY AS THEY LIKE. END SUMMARY.
3. THE CABINET ACCEPTED THE PNP NATIONAL EXECUTIVE COMMITTEE'S DECISION TO DISCONTINUE EFFORTS TO ARRANGE A STAND-BY AGREEMENT WITH THE IMF. OUR EVIDENCE FOR THIS IS BASED ON A STATEMENT BY PRIME MINISTER MANLEY ACCEPTING FORMER FINANCE MINISTER BELL'S RESIGNATION: "...THE DECISION OF THE NATIONAL EXECUTIVE WHICH HAS BEEN ACCEPTED BY THE CABINET..." MANLEY IS DUE TO SPEAK AT 6:00 P.M. TODAY (MARCH 25) BEFORE THE PARLIAMENT.
4. MANLEY'S ONLY PUBLIC STATEMENT SINCE THE MARCH 22 NEC MEETING HAS BEEN HIS STATEMENT ACCEPTING FINANCE MINISTER ERIC BELL'S RESIGNATION: HE SAID HE UNDERSTOOD BELL'S

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POSITION AND WENT ON TO TAKE NOTE OF BELL'S DECLARATIONS OF SUPPORT FOR THE PNP AND HIS RESPECT FOR THE NEC DECISION. AT THE NEC MEETING THE PRIME MINISTER STOUTLY DEFENDED THE IMF ROLE IN JAMAICA AND ARGUED STRONGLY FOR A RENEWED AGREEMENT. HE WAS REPORTEDLY FOLLOWED BY HIS WIFE WHO CALLED FOR REJECTING FURTHER HELP FROM THE FUND.

5. DUNCAN EXPLAINED IN A PRESS CONFERENCE MARCH 24 THAT THE IMF NEGOTIATIONS HAD BEEN DISCONTINUED BECAUSE OF THE UNUSUALLY HARSH TERMS DEMANDED BY THE FUND. HE LASHED OUT AT THE QUARTERLY TESTS SOUGHT BY THE IMF (NOTING THAT ANNUAL TESTS HAD BEEN APPLIED IN THE PAST) CLAIMING THAT THE NEGOTIATORS KNEW IN ADVANCE THAT JAMAICA WOULD FAIL THESE TESTS. HE ALSO STATED THAT THE PARTY HAD REJECTED ANY LONG TERM DEPENDENCE ON THE IMF. INSTEAD, JAMAICA SOUGHT TRUE ECONOMIC INDEPENDENCE.

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PAGE 03 KINGST 02202 01 OF 02 252141Z

6. REACTION TO THE DECISION TO REJECT FURTHER NEGOTIATIONS WITH THE IMF HAS BEEN MIXED. JLP LEADER EDWARD SEAGA ANNOUNCED ON MARCH 24 THAT THE JLP WILL ISSUE A FORMAL STATEMENT ON THE ECONOMIC IMPACT OF THE NEC DECISION AS SOON AS THE CABINET DECISION IS MADE PUBLIC. HE CALLED FOR THE GOJ TO PRESENT ITS PROPOSALS FOR ALTERNATIVE FOREIGN EXCHANGE RESOURCES. SEAGA ALSO COMMENTED THAT THE NEC DECISION IS AN INDICATION OF A MARXIST TAKEOVER OF THE PNP. HE PREDICTED THAT ECONOMIC COLLAPSE IS IMMINENT.

7. THE PRIVATE SECTOR ORGANIZATION OF JAMAICA'S EXECUTIVE DIRECTOR, ANTHONY JOHNSON SAID THAT HIS ORGANIZATION ASSUMED THE GOJ HAD AN ALTERNATIVE TO THE IMF AND THEY WERE WAITING FOR INFORMATION ON THESE ALTERNATIVES. THE JAMAICA MANUFACTURER'S ASSOCIATION AND THE JAMAICA COUNCIL OF CHURCHES HAD NO COMMENT AT THIS TIME. THE CHAMBER OF COMMERCE SPOKESMAN SAID A STATEMENT WOULD BE ISSUED TODAY.

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8. COMMENT:

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